



## REPORT FOR ACTION

### **Lease at 2467 Eglinton Avenue East with African Canadian Community Services for Below-Market Rent**

**Date:** April 12, 2017

**To:** Government Management Committee

**From:** Chief Corporate Officer

and Executive Director, Social Development, Finance and Administration

**Wards:** Ward 35 – Scarborough Southwest

#### **SUMMARY**

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The purpose of this report is to obtain City Council authority to enter into a Below-Market Rent lease with the African Canadian Community Services for approximately 718 square feet of space at the Don Montgomery Community Recreation Centre located at 2467 Eglinton Avenue East.

#### **RECOMMENDATIONS**

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**The Chief Corporate Officer and Executive Director, Social Development, Finance & Administration (SDFA) recommend that:**

1. City Council authorize a lease under the Below-Market Rent ("BMR") Policy relating to space located at 2467 Eglinton Avenue East (the "Premises") with African Canadian Community Services ("ACCS") for a five (5) year term (the "Lease"), based substantially on the terms set out in Appendix "A", with such revisions thereto, and on such other terms acceptable to the Chief Corporate Officer, or his or her designate and in a form acceptable to the City Solicitor.
2. City Council, pursuant to section 83(1) of the City of Toronto Act, 2006, deem that the grant of the Lease is in the interests of the City.
3. City Council authorize the City Solicitor to complete the Lease and all related documentation as required, and to deliver any notices, pay expenses and amend the commencement, termination and other dates to such earlier or later date(s), on such terms as the City Solicitor, or his or her designate, may from time to time determine.
4. City Council authorize severally each of the Chief Corporate Officer and the Director of Real Estate Services to execute such documents required to complete the Lease.

5. City Council authorize the Chief Corporate Officer or her designate to administer and manage the Lease, including the provision of any consents, approvals, notices, and notices of termination provided that the Chief Corporate Officer may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction.
6. City Council grant an exemption from the BMR Policy to allow ACCS to become a tenant at the Premises without the need to solicit a request for proposals as required by the BMR Policy.
7. City Council grant an exemption from the Return on Investment (ROI) under the BMR Policy, as this tool is under development with Social Development, Finance and Administration Division.

## **FINANCIAL IMPACT**

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The proposed Lease with ACCS involves an area of approximately 718 square feet within the Don Montgomery Community Recreation Centre at 2467 Eglinton Avenue East for a nominal net rent consideration. All operating costs related to the building occupancy currently estimated at \$4,883 per year based on a rate of \$6.40 per square foot will be paid by the tenant, resulting in no operating costs to the City of Toronto assuming compliance with the lease.

In accordance with the BMR Policy, the opportunity costs of entering into the Lease must be determined and reported to City Council. Research indicates that the total opportunity cost of this Lease over the five (5) year term is approximately \$38,867.

ACCS's total operating budget for 2017 is \$1,233,344 and the operating budget allocated for programing costs at the Premises is \$130,521. For the five (5) year lease term, the organization will be investing an estimated \$652,607 into the community through their programs and services contingent on funding.

The Deputy City Manager & Chief Financial Officer have reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

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At its meeting on October 1, 2, and 3, 2002, City Council adopted "A Policy for City-Owned Space Provided at Below-Market Rent" as the first step in rationalizing how City-owned space is provided to community and cultural organizations.

<http://www.toronto.ca/legdocs/2002/agendas/council/cc021001/pof13rpt/cl001.pdf>

At its meeting on November 19 and 20, 2007, City Council adopted the report titled "Providing City-Owned Space to Community Organizations at Below-Market Rent" and outlined provisions of occupying City space through a Request for Proposal (RFP). (<http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-11-19-cc14-dd.pdf>)

At its meeting on July 12, 13, and 14, 2011, Council adopted the Recommendations contained in Item No. GM5.18 titled "New Below-Market Rent Leases at 2467 Eglinton Avenue East, 3600 Kingston Road and Sub-tenancies at 1761 Sheppard Avenue East" and authorized, among other matters, a BMR lease agreement with African Canadian Legal Clinic at 2467 Eglinton Avenue East for a term of five (5) years. (<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.GM5.18>)

## **COMMENTS**

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### **Background**

In 2009 and 2010, City staff from Parks, Forestry and Recreation and Social Development, Finance & Administration (SDFa) collaborated with local youth groups funded through the Youth Challenge Fund to develop renovation plans and secured funding sources to convert a former rifle facility within the Recreation Centre at 2467 Eglinton Avenue East into a youth programming space for Scarborough youth. The African Canadian Community Legal Clinic ("ACLC") was selected as a capital partner to invest \$186,882 to the overall renovations of the space and to run its youth-led program in the renovated space.

On December 1, 2011, the City entered into a 5 year BMR lease agreement with ACLC for approximately 718 square feet of space based on their commitment to run their Youth Justice Program for youth living in the area. The lease expired on December 31, 2016 and the tenant has since been on over hold. ACLC is interested in extending their lease agreement for another five (5) years under a newly created corporate entity, the African Canadian Community Services (ACCS). ACCS will utilize the Premises to offer community services and social programs instead of legal services.

### **Eligibility Review**

An eligibility review by SDFa has deemed ACCS eligible under the BMR policy. The BMR eligibility criteria includes:

- non-profit status
- programs and services aligned with a City division mandate
- programs and services provided primarily to residents of Toronto
- a mandate that is not the sole responsibility of other levels of government
- demonstrated financial viability to maintain allocated space and operating costs for the duration of lease.

ACCS is a non-profit organization, which was incorporated on November 28, 2016. Prior to ACCS incorporation date, the organization operated as the African Canadian Legal Clinic which has been in existence for the last 23 years. During these years, ACLC grew tremendously and has expanded beyond its legal services to offer a range of community services such as the Youth-In-Transition Worker Program, the Youth Outreach Worker Program, the Employment Programs and Educational Services, the Knowledge of Self Group Programs and the African Canadian Parenting Program to the African Canadian community. These community and social programs have now exceeded the legal services offered by ACLC. As such, it was decided by ACLC's board that the name ACLC no longer reflected the range of community services that is currently being undertaken. However, in keeping the legal services offered by the ACLC, the organization Board of Directors decided to divide the organization into two separate entities and created ACCS. ACLC will continue to operate focusing on providing legal services to the African Canadian community, while the ACCS will now offer the current community services and in the future expand to a range of social programs and services to the African Canadian community.

In providing social programs and just legal services, historically, ACCS under its preceding name of ACLC served a total of 1,905 individuals in 2016, including 389 individuals served at the Premises. The ACCS programs and services offered at the Premises aligns with the City's Toronto Youth Equity Strategy and Toronto Strong Neighbourhoods Strategy 2020. ACLC's historical performance in the payment of financial obligations as set out in the previous lease has been satisfactory.

ACCS's new lease for five (5) years would allow the organization to continue to use the Premises to ensure that socially marginalized youth have access to comprehensive supports that help them achieve their potential and reduce risk factors in order to help make neighbourhoods and communities safe.

ACCS was created as a new entity for the purpose of offering community and social programs, of which programs were previously provided by ACLC, and as such, it is recommended that City Council approve a new BMR lease agreement with ACCS and grant an exemption to the RFP requirement to allow ACCS to become a tenant at 2467 Eglinton Avenue East without the need to solicit a request for proposals as required by the BMR Policy.

## **CONTACT**

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## **SIGNATURE**

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Josie Scioli  
Chief Corporate Officer

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Chris Brillinger  
Executive Director  
Social Development, Finance &  
Administration

## **ATTACHMENTS**

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Appendix "A" – Major Terms of the Lease  
Appendix "B" – Location Map

## **APPENDIX "A"**

### **Major terms of the Lease at 2467 Eglinton Avenue East**

**Landlord:**

City of Toronto

**Tenant:**

African Canadian Community Services

**Leased Premises:**

Comprising an area of approximately 718 square feet of space within the Don Montgomery Community Recreation Centre at 2467 Eglinton Avenue East

**Lease Term:**

Five (5) years from January 1, 2017 to December 31, 2021

**Use:**

The Premises shall be used and shall continually be operated throughout the term for the delivery of community service and social programs for African-Canadian youth to be set-out in the Tenant's Service Agreement with the Landlord's Social Development, Finance & Administration, and shall continue to comply with the Below-Market Rent Policy throughout the Term.

**Basic Rent:**

Basic Rent of \$2 per annum (\$10 in total for the 5-year term) payable at the commencement date of the Lease Term plus applicable taxes.

**Net Lease:**

The Lease shall be entirely net to the City. During the term or any extension thereafter, the Tenant shall be responsible for all applicable costs, realty taxes, charges, expenses and outlays of any nature whatsoever arising from or relating to its use and occupancy of the Leased Premises, including all applicable operating costs.

**Eligibility:**

Throughout the Term, the Tenant must maintain its eligibility in accordance with the Below-Market Rent policy and retain its non-profit status.

**Insurance:**

The Tenant is to provide prior to the commencement of the term of this agreement and on an annual basis, proof of insurance in accordance with the City's insurance requirements outlined in the Lease.

**NSF Charges:**

The Tenant will pay Thirty-Five dollars (\$35) for every cheque that is not honoured by the bank on which it is drawn (the "NSF Fee"). The NSF Fee may be increased from time to time by the City so that it is equal to the fee charged by the City in respect of cheques tendered in payment of municipal tax and water charges that are not honoured by the banks on which they are drawn.

**Late Payment Charges:**

For any late amount by the Tenant, interest on the amount outstanding from time to time shall bear simple interest at the rate of 1.25% per month (15% per year). Subject to City Council approval, the default rate of interest may be increased by the City from time to time, by notice to the Tenant.

**Early Termination:**

The City shall have the right to terminate the Lease for any purpose at any time during the Term and any renewal/extension thereafter, upon providing the Tenant with six (6) months' prior written notice.

**APPENDIX "B"**

**Location Map - 2467 Eglinton Avenue East**

